

TAFT, STETTINIUS & HOLLISTER

1800 STAR BANK CENTER
425 WALNUT STREET
CINCINNATI, OHIO 45202-3957

WASHINGTON, D C OFFICE
SUITE 500 — 825 INDIANA AVENUE, N W
WASHINGTON, D C 20004-2901
202-628-2838
FAX 202-347-3419

513-381-2838
CABLE TAFTHOL TWX 810-481-2823
FAX 513-381-0205

COLUMBUS OHIO OFFICE
21 EAST STATE STREET
COLUMBUS, OHIO 43215-4221
614-221-2838
FAX 614-221-2007

October 13, 1993

NORTHERN KENTUCKY OFFICE
THOMAS MORE CENTRE
2670 CHANCELLOR DRIVE
CRESTVIEW HILLS, KENTUCKY 41017-3491
606-331-2838
513-381-2838
FAX 513-381-6613

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423
Attn: Mildred Lee
Room 2303

18457
RECORDED & INDEXED

NOV 3 1993 10:44 PM

INTERSTATE COMMERCE COMMISSION

Dear Ms. Lee:

I have enclosed herewith an original and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a Railroad Equipment Lease, a primary document, dated June 1, 1993.

The names and addresses of the parties to the document are as follows:

LESSOR: The David Joseph Company
300 Pike Street
Cincinnati, Ohio 45202

LESSEE: Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza
San Francisco, CA 94105

The equipment covered by the enclosed document is one hundred and six (106) 100 ton, 66 foot, 1969 Thrall built and 1970-71 Greenville built gondola railcars, (all rebuilt in 1992), currently bearing the reporting marks set forth in Exhibit A attached hereto.

A fee of \$16.00 is enclosed. Please return the original executed copy of the enclosed document to:

Philip F. Schultz, Esq.
Taft, Stettinius & Hollister
1800 Star Bank Center
425 Walnut Street
Cincinnati, Ohio 45202-3957

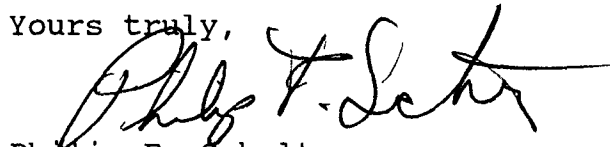
Ms. Mildred Lee
October 13, 1993
Page 2

A short summary of the document to appear in the index follows:

Railroad Equipment Lease between Southern Pacific Transportation Company, Southern Pacific Building, One Market Plaza, San Francisco, CA 94105, as Lessee, and The David J. Joseph Company, 300 Pike Street, Cincinnati, Ohio 45202, as Lessor, dated June 1, 1993 and covering one hundred and six (106) 100 ton, 66 foot, 1969 Thrall built and 1970-71 Greenville built gondola railcars, (all rebuilt in 1992).

Please call me if you should have any questions.

Yours truly,

A handwritten signature in black ink, appearing to read "Philip F. Schultz", with a long horizontal flourish extending to the right.

Philip F. Schultz
Attorney for
The David J. Joseph Company

PFS/AKW/taj
encl.

EXHIBIT A

DESCRIPTION OF UNITS

One hundred six (106) 66', 100 Ton, 1969 Thrall built and 1970-1971 Greenville built gondolas, all rebuilt in 1992 and currently bearing reporting marks as follows:

TNMR 2600	TNMR 2625	TNMR 2650	TNMR 2675	TNMR 2700
TNMR 2601	TNMR 2626	TNMR 2651	TNMR 2676	TNMR 2701
TNMR 2602	TNMR 2627	TNMR 2652	TNMR 2677	TNMR 2702
TNMR 2603	TNMR 2628	TNMR 2653	TNMR 2678	TNMR 2703
TNMR 2604	TNMR 2629	TNMR 2654	TNMR 2679	TNMR 2704
TNMR 2605	TNMR 2630	TNMR 2655	TNMR 2680	TNMR 2705
TNMR 2606	TNMR 2631	TNMR 2656	TNMR 2681	
TNMR 2607	TNMR 2632	TNMR 2657	TNMR 2682	
TNMR 2608	TNMR 2633	TNMR 2658	TNMR 2683	
TNMR 2609	TNMR 2634	TNMR 2659	TNMR 2684	
TNMR 2610	TNMR 2635	TNMR 2660	TNMR 2685	
TNMR 2611	TNMR 2636	TNMR 2661	TNMR 2686	
TNMR 2612	TNMR 2637	TNMR 2662	TNMR 2687	
TNMR 2613	TNMR 2638	TNMR 2663	TNMR 2688	
TNMR 2614	TNMR 2639	TNMR 2664	TNMR 2689	
TNMR 2615	TNMR 2640	TNMR 2665	TNMR 2690	
TNMR 2616	TNMR 2641	TNMR 2666	TNMR 2691	
TNMR 2617	TNMR 2642	TNMR 2667	TNMR 2692	
TNMR 2618	TNMR 2643	TNMR 2668	TNMR 2693	
TNMR 2619	TNMR 2644	TNMR 2669	TNMR 2694	
TNMR 2620	TNMR 2645	TNMR 2670	TNMR 2695	
TNMR 2621	TNMR 2646	TNMR 2671	TNMR 2696	
TNMR 2622	TNMR 2647	TNMR 2672	TNMR 2697	
TNMR 2623	TNMR 2648	TNMR 2673	TNMR 2698	
TNMR 2624	TNMR 2649	TNMR 2674	TNMR 2699	

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INTERSTATE COMMERCE COMMISSION

CERTIFICATE

The undersigned, Stephen M. Griffith, Jr., a notary public in and for the County of Hamilton, State of Ohio, hereby certifies that the copy of the document attached hereto has been compared with the original and that the undersigned has found the copy to be complete and identical in all respects to the original document.



Notary Public

STEPHEN M. GRIFFITH, JR., Attorney at Law
NOTARY PUBLIC - STATE OF OHIO
My Commission has no expiration
date Section 147.03 O.R.C.

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INTERSTATE COMMERCE COMMISSION

RAILROAD EQUIPMENT LEASE

BY AND BETWEEN

THE DAVID J. JOSEPH COMPANY

AND

SOUTHERN PACIFIC TRANSPORTATION COMPANY

DATED AS OF:

JUNE 1, 1993

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
1. Lease of Units	1
2. Base Rental	1
3. Delivery and Acceptance of Units	2
4. Maintenance and Repair	2
5. Disclaimer of Warranties	4
6. Use of the Units	5
7. Filings and Marks	5
8. Taxes and Other Assessments	6
9. Indemnification	8
10. Lessor's Performance of Lessee's Obligations	8
11. Insurance	9
12. Risk of Loss	9
13. Lessee Default	9
14. Lessor's Remedies	10
15. Return of Units	11
16. Notices	12
17. Miscellaneous Provisions	12
EXHIBIT A - Description of Units	
EXHIBIT B - Base Rental	
EXHIBIT C - Points of Tender	
EXHIBIT D - Acceptance Certificate	
EXHIBIT E - Casualty Settlement Value	

RAILROAD EQUIPMENT LEASE

THIS RAILROAD EQUIPMENT LEASE (the "Lease"), dated as of the 1st day of June, 1993 is made and entered into by and between The David J. Joseph Company, a Delaware corporation (hereinafter referred to as "Lessor") and Southern Pacific Transportation Company, a Delaware corporation (hereinafter referred to as "Lessee").

WHEREAS, Lessee desires to lease from Lessor and Lessor desires to lease to Lessee all of the items of equipment specified in Exhibit A attached hereto (hereinafter collectively referred to as the "Units" and singularly referred to as "Unit") on the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements set forth herein, the parties hereby agree as follows:

1. **Lease of Units.** Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the Units for the period (the "Term") commencing on the date upon which the Lessor delivers the Units, or any Unit, as provided in Section 3 below (the "Commencement Date"); and [REDACTED] following the acceptance of the last Unit under this Lease (the "Expiration Date") or the date upon which all of Lessee's obligations hereunder have been met (the "Termination Date").

2. **Base Rental.** Lessee agrees to pay to Lessor the amount of rent specified in Exhibit B attached hereto (the "Base Rental") in arrears on the last day of each calendar month during the Term. The Lessee shall also pay, as additional rent, all such other sums of money as shall become due and payable by Lessee to Lessor under this Lease (the Base Rental and any additional rent due hereunder, as provided for in Sections 8 and 10 hereto, are sometimes hereinafter referred to as "Gross Rental"). If the Commencement Date is not the first day of the month, a pro-rated monthly installment shall be paid at the then current rate for the fractional month during which the Commencement Date occurs, such installment or installments so pro-rated shall be paid in arrears. Except as otherwise expressly provided for in Section 4(e), Lessee shall not be entitled to any abatement of Gross Rental, reduction thereof or setoff against Gross Rental, it being the intention of the parties hereto that Gross Rental shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. All past due installments of Gross Rental shall bear interest from date due until paid at two percent (2%) per annum over the prime interest rate for domestic commercial loans as published from time to time in The Wall Street Journal.

3. **Delivery and Acceptance of Units.** Lessor will cause each Unit to be delivered to the Lessee at such point or points as are set forth on Exhibit C attached hereto. Lessor shall cause each Unit to be available for inspection by Lessee at Corbin Railway Service Company in Corbin, KY for the purpose of providing Lessor with the Acceptance Certificate (as Exhibit D hereto) prior to Lessor's delivery of such Unit. Within ten (10) calendar days of Lessor's notice to Lessee that any Unit is available for inspection, Lessee will cause its authorized inspectors or representatives to inspect the Units, and if such Units are found to be in good operating order and repair, to accept such Units for delivery (or so many of such Units as are acceptable to Lessee) and to execute and deliver to the Lessor a certificate in the form of Exhibit D hereto, and such Lessee's certificate shall be absolutely binding upon Lessee. If any Unit is not deemed by Lessee to be in good operating order and repair, Lessee shall so notify Lessor in a writing that specifies the nature of the defect in the Unit, and Lessor, at its option, may either (i) repair such Unit, and immediately upon completion of such repairs and acceptance by the Lessee, the Unit shall be subject to all of the terms and provisions of this Lease; (ii) substitute a piece of equipment that is of the same type, condition and repair and is substantially similar to the acceptable Units delivered hereunder, in which case such substituted equipment shall be a "Unit" and immediately upon Lessee's satisfactory inspection and acceptance of same, such Unit shall be subject to all of the terms and provisions of this Lease; or (iii) delete the defective Unit, in which case the Unit so deleted shall not be subject to the terms and provisions of this Lease. If Lessee has not notified Lessor of any defect in any Unit within ten (10) calendar days of the date of Lessor's notice to Lessee that a Unit is available for inspection, or if Lessee uses any Unit prior to delivering a Lessee's certificate of acceptance with respect thereto, ten (10) calendar days after such Lessor notice or on the date such Unit is used by Lessee, as the case may be, such Unit or Units shall be conclusively deemed to be accepted by Lessee for delivery and to conform in all respects with the standards of condition and repair set forth in this Lease. After Lessee has provided to Lessor a signed Acceptance Certificate in the form of Exhibit D for each Unit as provided for above, the Lessor shall direct and pay for the transportation of each such accepted Unit to the SSWN Lines or CNW Lines in Chicago, IL, and thereafter, all costs of transportation of such Unit during the Term of this Lease shall be paid for by the Lessee, unless otherwise provided for under this Lease. Upon Lessor's delivery of each Unit to the SSWN Lines or CNW Lines in Chicago, IL, rentals for such Unit shall commence.

4. **Maintenance and Repairs.**

(a) Lessor shall, at its expense, perform, arrange, and pay for all maintenance and repairs required to keep the Units in good operating order and repair, provided, however, that Lessee

shall be required to notify Lessor of any Unit in need of repair. Lessee shall not repair, or authorize the repair of, any of the Units without Lessor's prior written consent, except that running repairs (as specified in the Association of American Railroads rules for interchange and the Canadian Transport Commission regulations governing interchange (together "Interchange Rules")) may be performed by railroads or hauling carriers without prior written consent. The amount Lessor will pay for such running repairs shall not be in excess of the schedule of standard costs, in effect at the time the repair is made, provided by the Association of American Railroads and the Canadian Transport Commission, respectively.

(b) It is the intent of this Lease agreement that Lessor shall have all the rights and obligations of an owner of the Units except for any rights or obligations given or assigned to Lessee herein. Lessor shall have the right to conduct such inspections and preventative maintenance programs as Lessor deems necessary. Lessee will provide freight and switching services to and from any shop of Lessor's choosing at no cost to Lessor and Lessor shall use its best efforts to move the Units to a repair facility within close proximity to the location of the Unit in need of repairs. Lessor may undertake such preventive maintenance programs on a rotation basis and in a manner which will minimize the interruptions of service to Lessee, with Lessee providing consent to Lessor for the number of Units Lessor may pull at one time, such consent not to be unreasonably withheld. If Lessor chooses to use a repair facility which is off-line (not on Lessee's Lines) for such preventive maintenance programs, Lessor shall be responsible for all off-line transportation and switching costs involved with such program.

(c) Lessee shall not make any alteration, improvement or addition to any Unit without the prior written consent of Lessor thereto, such consent shall not be unreasonably withheld.

(d) Lessee shall be responsible for the cost of and pay for all damage to a Unit, including but not limited to, any damage caused by cornering, sideswiping, derailment, improper or abusive loading or unloading methods or handling or movement while under this Lease, whether such damage to a Unit is direct, indirect, incidental or consequential, but excluding the maintenance and repairs which is the Lessor's responsibility as provided in Section 4(a) herein. Lessee shall promptly notify Lessor of the location and condition of any Unit which has been damaged or destroyed and shall thereafter continue to give Lessor any additional information which the Lessor has a need to obtain about such Unit. Lessee shall pass through to Lessor any payment received by Lessee from any third parties as reimbursement for costs or expenses which are the responsibility of Lessor pursuant to this Lease.

(e) If Lessee notifies Lessor of a Unit in need of repair or maintenance which is the responsibility of Lessor under this Section 4 and (i) Lessor issues disposition of the Unit to a contract shop and such Unit is not returned to Lessee's service within seven (7) calendar days, Lessee's obligation to pay Base Rentals shall be abated from the eighth (8th) day after the Unit is delivered to the contract shop until the day upon which Lessor notifies Lessee that such Unit is repaired and ready for Lessee's use; (ii) Lessor does not order disposition of the Unit to a contract shop within seven (7) calendar days of receiving such Lessee notice, Lessee's obligation to pay Base Rentals shall be abated from the eighth (8) day after receiving notice from Lessee until the day upon which Lessor notifies Lessee that such Unit is repaired and ready for Lessee's use.

(f) Notwithstanding anything herein contained, Lessor may notify Lessee that it is withdrawing from this Lease any Unit which in the opinion of Lessor has been destroyed, damaged or needs repairs in excess of its economic value, whereupon this Lease will terminate as to such withdrawn Unit; provided, however, Lessor may, with Lessee's consent, substitute a Unit of like specifications, for such withdrawn Unit, in which case all of the terms and conditions of this Lease shall apply to the substituted Unit.

5. Disclaimer of Warranties. LESSOR, NOT BEING THE MANUFACTURER OF THE UNITS, NOR THE MANUFACTURER'S AGENT, HEREBY EXPRESSLY DISCLAIMS AND MAKES TO LESSEE NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO: THE FITNESS FOR USE, DESIGN OR CONDITION OF THE UNITS; THE QUALITY OR CAPACITY OF THE UNITS; THE WORKMANSHIP IN THE UNITS; THAT THE UNITS WILL SATISFY THE REQUIREMENT OF ANY LAW, RULE, SPECIFICATION OR CONTRACT PERTAINING THERETO; AND ANY GUARANTEE OR WARRANTY AGAINST PATENT INFRINGEMENT OR LATENT DEFECTS, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE. LESSOR IS NOT RESPONSIBLE OR LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGE TO OR LOSSES RESULTING FROM THE INSTALLATION, OPERATION OR USE OF THE UNITS OR ANY UNIT. Lessor hereby acknowledges that any manufacturers and/or sellers warranties are for the benefit of both Lessor and Lessee. Lessor further acknowledges, as long as no event of default hereunder on the part of Lessee shall have occurred and be continuing, that any shop warranties to Lessor with respect to the Units are for the benefit of both Lessor and Lessee. Lessee's acceptance of delivery of the Units shall be conclusive evidence as between Lessor and Lessee, that each Unit described in any Lessee's certificate sent pursuant to Section 3 above and confirming such acceptance, is in all of the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against Lessor based on all or any one of the foregoing matters.

6. **Use of the Units.** Except for those laws pertaining to maintenance of the Units which is the Lessor's responsibility under paragraph 4 hereto, Lessee agrees to comply with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules and the Codes of Car Hire and Car Service Rules of the Association of American Railroads, if applicable, and with all rules and regulations of the Interstate Commerce Commission, the Department of Transportation, and any other legislative, executive, administrative, judicial or governmental body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the possession, operations or use of such Unit; and Lessee shall and does hereby indemnify and hold harmless Lessor from and against any and all liability that may arise from any infringement or violation of any such laws or rules by Lessee, its agents, employees, or any other person other than Lessor. In the event that such laws or rules require any alteration, change, modification or enhancement (hereinafter referred to as "Modifications") of any nature whatsoever to the Units or any Unit, Lessee agrees to make such Modifications at its own expense and to use and operate such Units in full compliance with such laws and rules so long as such Units are subject to this Lease, provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the sole opinion of Lessor, adversely affect the rights of Lessor in the Units and hereunder; and provided further, if such Modifications are required during the final twenty (20) months of the Lease Term and the cumulative amount of Modifications exceeds [REDACTED] per Unit during such final twenty (20) month period, then the Lessor shall arrange and pay for the Modifications and the Lessee shall pay additional monthly Base Rental during the remaining Lease Term of [REDACTED] per Unit for each [REDACTED] expended by Lessor on such Unit, effective as of the date of the Unit is released from the repair shop after application of such Modifications. Lessee agrees to use the Units in a careful and prudent manner, solely in the use, service and manner for which they were designed and predominately in the United States of America. Lessee shall assume all liability for, indemnify and hold harmless the Lessor from all costs, claims and expenses for the use of the Units, or any Unit, during the Term of this Lease for the loading, storage or hauling of any corrosive, hazardous, toxic or radioactive substance or material, including the cleaning or restoration of the Unit to a condition acceptable for general use in interchange as well as the removal and disposition of all lading and contents in the Unit.

Lessee may place the Units in interchange in accordance with industry custom so long as such Units remain subject to this Lease and Lessee remains the primary obligor hereunder.

7. **Filings and Marks.** Lessee, upon written request by Lessor, agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent

permissible, file on behalf of, and furnish a copy to, Lessor) any and all reports (excluding all tax reports, as Lessee's entire obligation with respect to such tax reports is fully set forth in Section 8 hereof) required to be filed by Lessor, provided Lessor shall be responsible for filing this Lease with the Interstate Commerce Commission pursuant to 49 U.S.C. Sec. 11303. Lessor will cause each Unit to be kept numbered with the reporting marks as set forth in Exhibit A hereto and all other markings and stencilling required by the Interchange Rules and the Codes of Car Hire and Car Service Rules of the Association of American Railroads, as the same may be amended time to time, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the following words: "Owned by The David J. Joseph Company", or other appropriate words designated by Lessor. Lessee shall notify Lessor if any Unit is in need of restencilling and Lessor will replace promptly any such words which may be removed, defaced or destroyed. Lessee will not change, or permit to be changed, the reporting marks on any Unit, except in accordance with a statement of new reporting marks to be submitted therefor which previously shall have been filed with Lessor by the Lessee and filed in all public offices where this Lease will have been filed.

On or before May 31 of each year during the Term of this Lease, the Lessee will furnish to Lessor, in such number of counterparts or copies as may reasonably be requested by Lessor, a Lessee's certificate, as of the preceding December 31, reporting total miles travelled by all Units during the preceding calendar year summarized by state.

During the Term of this Lease, Lessee shall provide to Lessor a copy of Lessee's audited financial statements for Lessee's fiscal year end, within one hundred twenty (120) days after such fiscal year end; and Lessee shall provide quarterly financial statements within ninety (90) days of written request by Lessor.

8. Taxes and Other Assessments.

(a) Lessee shall be responsible for, and shall indemnify and hold Lessor harmless from, all taxes, license fees, assessments, charges, duties, fines and penalties, currently or hereafter levied or imposed by any state, local, federal or foreign authority upon or in connection with the transaction contemplated by this Lease and measured by this Lease or imposed upon the Units or for the possession, rental, shipment, delivery to the Lessee under the Lease, use or operation thereof by the Lessee or its agents or on the earnings of Lessee arising therefrom (all such expenses, taxes, license fees, assessments, charges, duties, fines, and penalties being hereinafter called "Taxes"); provided, however, that the foregoing indemnity shall not apply to (i) any income, franchise and capital taxes imposed on the Lessor that are on or measured by net income (including any minimum or alternative

minimum income taxes and any income taxes on or measured by items of tax preference); (ii) taxes imposed on the Lessor resulting from (A) the Lessor's purchase or other acquisition of the Units or of any Unit, (B) a voluntary or involuntary sale, assignment, transfer or other disposition by the Lessor of the Units or of any Unit, or (C) a disposition in connection with a bankruptcy or similar proceeding involving the Lessor; (iii) taxes related to the Units in respect of any period after the expiration or early termination of the Lease; (iv) taxes on the Lessor which arise out of or are caused by the negligence or willful misconduct of the Lessor; (v) taxes which have been included in the cost of the Units; or (vi) taxes imposed against a transferee of the Lessor to the extent of the excess of such taxes over the amount of taxes which would have been imposed had there not been such a transfer.

(b) Notwithstanding the foregoing provisions of Section 8(a), the Lessee's obligation to indemnify the Lessor for taxes in the nature of or in lieu of sales, use, transfer or a similar type of taxes arising out of the Lessee's payment of rent pursuant to the Lease shall be conditioned upon the Lessor's compliance with the provisions of this Section 8(b). The Lessee shall execute and deliver to the Lessor an exemption certificate or similar document for applicable jurisdictions as the Lessee in its discretion determines. If required by such applicable jurisdiction to facilitate the Lessor's receipt of such exemption certificate or similar document or to exempt the rent from sales, use, transfer or a similar type of taxes, the Lessor shall register or apply for (on forms supplied and completed by the Lessee) such permits or other similar documents for the applicable jurisdiction.

(c) The Lessee shall be responsible for reporting the Units for ad valorem property tax purposes in each applicable state or locality and the Lessor shall not include the Units in any ad valorem property tax or other similar tax returns filed by it in such states or localities.

(d) All payments to be made by the Lessee pursuant to this Section 8 shall be made no later than the date on which the Lessor must pay such Taxes and shall be made directly to the Lessor except to the extent paid to a governmental agency or taxing authority. Any payment by the Lessee to a governmental agency in satisfaction of Taxes for which it is obligated to indemnify the Lessor under this Section 8 shall be given full credit against Lessee's obligation to indemnify the Lessor to the extent that such payment discharges the Lessor's legal obligation to pay such Taxes. Lessee's failure to pay any amount as required by this Section 8 shall constitute an Event of Default as hereinafter defined in Section 13.

(e) If any claim is made against the Lessor, by commencement of proceedings against the Lessor or otherwise, for any Taxes as to which the Lessee would have an indemnity obligation

pursuant to this Section 8, the Lessor shall promptly notify the Lessee of such claim in writing. The Lessee may, at its expense, in good faith and by appropriate legal proceedings, contest or defend an asserted claim or liability for which it is indemnifying under this Section 8. Any contest or defense conducted pursuant to this Section 8 may be conducted by Lessee either on its own behalf or, if required by the applicable jurisdiction in the Lessor's name on the Lessor's behalf. Regarding contests conducted by Lessee in Lessor's name and on the Lessor's behalf, Lessee shall make reasonable efforts to advise Lessor of all action proposed to be taken by Lessee, and shall permit Lessor upon request reasonable opportunity to review the content of all documentation to be submitted by Lessee relating exclusively to the item contested.

9. Indemnification. Except as otherwise provided in this Lease, Lessee assumes liability for, and hereby agrees to indemnify, protect and keep harmless Lessor, its employees, agents, successors and assigns from and against any and all liabilities, obligations, losses, damages, injuries, claims, demands, penalties, actions, costs and expenses, including reasonable attorney's fees, of whatsoever kind and nature (except for those arising out of the negligence of Lessor), arising out of any breach of this Lease by Lessee, or arising out of the possession, use, condition (excluding, however, Lessor's duties under Section 4 hereof, and including but not limited to, latent and other defects and whether or not discoverable by Lessee or Lessor), operation, selection, leasing or return of the Units or any Unit, regardless of where, how and by whom operated, provided, however, that Lessee shall not be responsible to Lessor for any loss, destruction, or damage to the cars or parts thereof caused solely by the negligence or willful misconduct of Lessor. The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the expiration or other termination of this Lease. Lessor shall not be liable for any loss of or damage to any commodities loaded or shipped in the Units. Lessee agrees to assume responsibility for, to indemnify against, and to hold Lessor harmless from, any claim in respect of such loss or damage and to assume responsibility for any damage caused to any Unit by such commodities. Provided, however, the Lessee shall not be required to indemnify Lessor or hold Lessor harmless pursuant to this Section 9 for any Taxes, whether or not the Lessee is required to indemnify or hold harmless therefor under Section 8 hereof, as Lessee's entire obligation with respect to Taxes is fully set forth in Section 8 hereof.

10. Lessor's Performance of Lessee's Obligations. If Lessee shall fail to duly and promptly perform any of its obligations under this Lease with respect to the Units, Lessor shall have the option, but not the obligation, to perform any act or make any payment which Lessor deems necessary for the maintenance and preservation of the Units and Lessor's title thereto, and all sums so paid or incurred by Lessor shall be additional rent under this

Lease payable by Lessee to Lessor on demand. The performance of any act or payment by Lessor as aforesaid shall not be deemed a waiver or release of any obligation or default on the part of the Lessee.

11. Insurance. Lessee will at all times after delivery and acceptance of the Units, at its own expense, carry and maintain or cause to be carried and maintained all-risk property insurance and public liability insurance, including but not limited to sudden and accidental pollution and evacuation expense to the extent available on the same terms as to other Class I railroads, with respect to the Units, in amounts, with deductibles and against risks customary for insurance obtained by Class I railroads on similar equipment, and in any event in amounts, with deductibles and against risks comparable to those provided in insurance maintained by the Lessee on similar equipment leased by it. Lessee shall provide certificates of insurance to Lessor as evidence of such insurance. All policies whether property or liability shall require the insurer to give Lessor at least thirty (30) days prior written notice of any cancellation or modification of such insurance.

12. Risk of Loss. Lessee assumes all risk of loss, damage, theft, condemnation or destruction of the Units. Except as provided in this Section 12, no such loss, damage, theft, condemnation or destruction of the Units, or any Unit, in whole or in part, shall impair the obligations of Lessee under this Lease, all of which shall continue in full force and effect. Whenever any Unit shall be or become lost, stolen, destroyed or damaged, from neglect, abuse, fire, the elements or any other cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences") during the Term of this Lease, Lessee shall, promptly after it shall have been determined that such Unit has suffered a Casualty Occurrence, but in any event within ninety (90) calendar days after such Casualty Occurrence, notify Lessor in writing of such Casualty Occurrence and shall thereafter continue to give Lessor any additional information which the Lessor has as a need to obtain about such Unit. In the event any of the Units suffer a Casualty Occurrence, Lessee at its' sole cost and expense shall pay to Lessor an amount equal to the accrued Gross Rental for such Units to the date of payment plus a sum equal to the Casualty Settlement Value of such Units, as specified on Exhibit E attached hereto, in which case such Units shall thereafter be deleted from this Lease and thereafter Lessor shall transfer title of the Unit to the Lessee as shall be evidenced by a Bill of Sale.

13. Lessee Default. Lessee shall be in default under this Lease upon the happening of any of the following events or conditions (hereinafter referred to as "Events of Default"): (a) If Lessee fails to pay any sum required to be paid hereunder on or before the due date and such failure continues for a period of ten (10) consecutive business days; (b) If Lessee fails at any time to

procure or maintain any insurance coverage required by this Lease; (c) If Lessee fails to observe or perform any of the material covenants, conditions and agreements on the part of Lessee to be observed or performed and contained herein (other than the payment of any sums required to be paid hereunder and other than the obligation to procure and maintain any insurance coverage required by this Lease) or any schedule or any supplement or rider hereto, and such default shall continue for thirty (30) days after receipt by Lessee of written notice of such default; (d) The appointment of a receiver, trustee or liquidator of Lessee or of a substantial part of its property, or the filing by Lessee of a voluntary petition in bankruptcy or other similar insolvency laws or for reorganization; or (e) If a petition against Lessee in a proceeding under bankruptcy laws or other similar insolvency laws shall be filed and shall not be withdrawn or dismissed within forty-five (45) days thereafter.

14. Lessor's Remedies. Upon the occurrence of any one or more of the Events of Default specified in Section 13 above, and at any time thereafter (unless such Event of Default shall have been waived in writing by Lessor), Lessor may without any further notice exercise any one or more of the following remedies: (i) Declare the present value, discounted at an annual rate of ten percent (10%), of all unpaid Gross Rental under this Lease to be immediately due and payable, such amount to be offset by the proceeds of the sale or re-leasing of the Units by the Lessor. If the Lessor does not proceed with such sale or re-leasing, then the Lessee shall only be obligated with respect to this Section 14(i) to pay Gross Rental accrued and unpaid to the date of the Event of Default; (ii) Terminate this Lease as to any or all Units without relieving Lessee of any of its obligations hereunder; (iii) Take possession of the Units and for this purpose enter upon any premises of Lessee and remove the Units, without any liability or suit, action or other proceeding by Lessee and without relieving Lessee of any of its obligations hereunder; (iv) Cause Lessee, at its sole expense, to promptly return the Units to Lessor in accordance with the terms and provisions of Section 15 hereof; (v) Proceed by appropriate action either at law or in equity to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or (vi) Exercise any other right available to Lessor at law or in equity. No right or remedy conferred on or reserved to Lessor by this Lease shall be exclusive of any other right or remedy herein or by law provided. All rights and remedies of Lessor conferred on Lessor by this Lease or by law shall be cumulative and in addition to every other right and remedy available to Lessor. No failure on the part of Lessor to exercise and no delay in exercising any right or remedy hereunder shall operate as a waiver thereof unless specifically waived by Lessor in writing; nor shall any single or partial exercise by the Lessor of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.

15. Return of Units. At the expiration of this Lease, or at the direction of Lessor pursuant to Section 14 of this Lease, Lessee shall forthwith deliver possession of the Units to the Lessor at no more than four (4) different locations on Lessee's lines. Each Unit returned to the Lessor pursuant to this Section 15 shall (i) be empty, free from residue, dirt and lading, suitable for loading, and in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) with no damage that is Lessee's responsibility under Section 4(d), and (iii) be jointly inspected by representatives of Lessor and Lessee. In the event that any Unit is not delivered to Lessor in compliance with this Section 15 on or before the Expiration Date, the Unit shall remain on rental and obligations of Lessee under this Lease with respect to such Unit shall remain in full force and effect until such Unit is so delivered to Lessor and jointly inspected; provided, however, in the event that any Unit is not delivered to Lessor in compliance with this Section 15 within [REDACTED] calendar days after the Expiration Date, the Base Rental for such Unit shall, upon the expiration of such [REDACTED] day period, be set at [REDACTED] times the Base Rental, and provided further that at any such time after the Expiration Date (I) when Lessee has marshalled a minimum of seventy (70) Units and has notified Lessor of same in writing, Lessor shall have [REDACTED] calendar days to inspect the marshalled Units or rental shall cease to accrue on said marshalled Units; and (II) after the marshalling of the first seventy (70) Units as provided herein, the rental shall cease for each remaining Unit under this Lease on the date such remaining Unit is marshalled and Lessor is notified in writing of its availability for inspection. Lessor shall have the right to inspect each Unit when marshalled at the end of the Term of this Lease and Lessee shall remain liable for any damage found at such inspection, even though Lessee's obligation to pay rental may cease pursuant to this Section 15. Nothing in this Section shall give Lessee the right to retain possession of any Unit after expiration or termination of this Lease with respect to such Unit.

For the purpose of delivering possession of the Units to the Lessor as above required, Lessee shall, at its own cost, expense and risk: (a) Place the Units upon such storage tracks of Lessee at no more than [REDACTED] different locations as Lessor may reasonably designate for marshalling and joint inspection; (b) Permit Lessor to store such Units on such tracks free of charge to Lessor for [REDACTED] calendar days after the Termination Date, provided, however, that Lessor shall be entitled to continued storage of the Units on such tracks beyond the free [REDACTED] calendar days at a storage rate to be negotiated, for a period not to exceed [REDACTED] additional days; and (c) Transport the Units to any off-line railroad which interchanges with Southern Pacific's railroad system, as directed by Lessor. Lessee's obligations in this Section 15 shall survive the Termination Date of this Lease. The assembly, delivery, and transporting of the Units as

hereinbefore provided shall be at the cost, expense and risk of Lessee and are of the essence of this Lease, as is the free thirty (30) day storage at Lessee's risk and the negotiated storage at Lessor's risk, and upon application to any court of equity having jurisdiction in the matter, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Units. During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of the Units or any Unit, to inspect the same.

16. Notices. Any notice required or permitted to be given by either party hereto to the other shall be in writing and shall be deemed given when actually received or five (5) days after deposited in United States Certified or Registered Mail, Return Receipt Requested, postage prepaid, addressed as follows:

TO LESSOR: The David J. Joseph Company
300 Pike Street
Cincinnati, Ohio 45202
Attention: Douglas F. McMillan

TO LESSEE: Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza
San Francisco, CA 94105
Attention: Fleet Management Dept.
Managing Director of Gondolas

with tax related notices to be sent to:
Southern Pacific Transportation Company
Southern Pacific Building
One Market Plaza
San Francisco, CA 94105
Attention: Assistant Vice President &
Counsel-Taxes, Room 250

or at such other place as the parties hereto may from time to time designate by notice, each to the other.

17. Miscellaneous Provisions.

(a) This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. This Lease may be amended or supplemented, whether through addition of any schedule and/or rider or otherwise only by the written consent of both parties.

(b) This Lease may be executed in several counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same instrument.

(c) The terms of this Lease and all rights and obligations hereunder shall be governed by the substantive internal laws of the State of Ohio. The invalidity or unenforceability of any particular provision of this Lease shall not affect the remaining provisions hereof.

(d) No recourse shall be had in any respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer (past, present or future) of the Lessor.

(e) Lessee may not, assign, transfer, pledge, hypothecate or otherwise dispose of this Lease or any interest herein, or sublet any of the Units, without Lessor's prior written consent, such consent not to be unreasonably withheld, except by merger, consolidation or lease of substantially all of its properties provided that such transaction does not change the Lease terms or conditions. This Lease as a whole is freely assignable by Lessor to a party willing to assume all terms and conditions of this Lease, including assumption of the Lessor's maintenance responsibilities described herein and upon delivery to Lessee of notice of any assignment, the term "Lessor" as used herein shall refer to such assignee, such assignee shall assume all liabilities and obligations of Lessor under this Lease, whether past, present or future, and The David J. Joseph Company shall thereafter be relieved of all of its liabilities and obligations under this Lease.

(f) Nothing contained herein shall give or convey to Lessee any right, title or interest in and to the Units leased hereunder except as a lessee thereof, and the Units are and shall at all times be and remain the sole and exclusive property of Lessor.

(g) Any cancellation or termination of this Lease by Lessor, pursuant to the terms and provisions hereof, or any schedule, supplement, rider or amendment hereto, or any termination of the Term by lapse of time, shall not release Lessee from any then outstanding obligations and/or duties to Lessor hereunder.

(h) Time is of the essence of this Lease.

(i) It is expressly understood and agreed by the parties hereto that this instrument constitutes a lease of the Units only, and that no joint venture or partnership is being created.

(j) To the extent there exists any conflict between the terms and provisions of this Lease and the terms and provisions of the Interchange Rules or the Codes of Car Hire and Car Service Rules of the Association of American Railroads, this Lease shall control.

(k) Lessee hereby authorizes Lessor, and agrees that Lessor shall be entitled, to access UMLER and receive all information thereon with respect to the Units, or the use and operation thereof, together with all other information as may be available from the Association of American Railroads, and Lessee agrees to execute such instruments or consents as may be necessary or required in order to carry out the intent of this paragraph (k).

(l) All car hire earnings on the Units, whether earned off-line or on-line SP and its affiliate railroad systems, shall be for the account of Lessee.

(m) The Lessee may not deprescribe the car hire earnings on the Units subject to this Lease without Lessor's prior written consent, such consent not to be unreasonably withheld.

(n) If notice is given in writing by the Lessee to the Lessor at least [REDACTED] in advance of the Expiration Date of this Lease, the Lessee shall have the right, unless an event of default hereunder on the part of Lessee shall have occurred and be continuing, to either: (a) purchase all of the Units subject to the Lease at the then fair market value to be mutually agreed upon by Lessee and Lessor or (b) renew this Lease for an additional term with respect to all of the Units subject to the Lease at the then fair market rental value to be mutually agreed upon by Lessee and Lessor, with all other terms and conditions of this Lease unchanged. If the Lessor and Lessee do not agree on the fair market purchase price or the fair market rental value within [REDACTED] of Lessee's notice to Lessor after negotiating in good faith, then such Lessee option shall expire.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed as of the day and year first above written.

Signed and acknowledged
in the presence of:

Steven G. Ward
(As to Lessor)

Linda S. Lewis
(As to Lessor)

Signed and acknowledged
in the presence of:

Darell J. Luther
(As to Lessee)

Steve Hopper
(As to Lessee)

LESSOR:

THE DAVID G. JOSEPH COMPANY

BY: D. G. Joseph

NAME: Douglas F. McMillan

TITLE: VICE PRESIDENT

LESSEE:

SOUTHERN PACIFIC TRANSPORTATION CO.

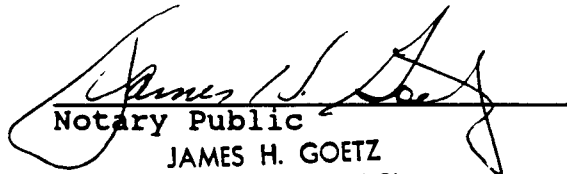
BY: Darell J. Luther

NAME: Darell J. Luther

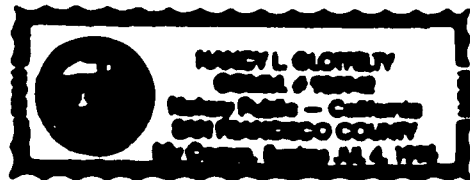
TITLE: Managing Director

STATE OF OHIO)
COUNTY OF HAMILTON) SS:

The foregoing instrument was acknowledged before me this 10th
day of JUNE, 1993, by DOUGLAS F. McMillan,
the VICE PRESIDENT of The David J. Joseph Company, a
Delaware corporation, on behalf of the corporation.


Notary Public
JAMES H. GOETZ
Notary Public, State of Ohio
My Commission Expires July 10, 1995

STATE OF California)
COUNTY OF San Francisco) SS:



The foregoing instrument was acknowledged before me this 18th
day of June, 1993, by Darrell J. Luther,
the Managing Director of Southern Pacific Transportation
Company, a Delaware corporation, on behalf of the corporation.

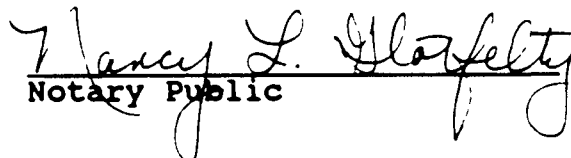

Notary Public

EXHIBIT A

DESCRIPTION OF UNITS

One hundred six (106) 66', 100 Ton, 1969 Thrall built and 1970-1971 Greenville built gondolas, all rebuilt in 1992 and currently bearing reporting marks as follows:

TNMR 2600	TNMR 2625	TNMR 2650	TNMR 2675	TNMR 2700
TNMR 2601	TNMR 2626	TNMR 2651	TNMR 2676	TNMR 2701
TNMR 2602	TNMR 2627	TNMR 2652	TNMR 2677	TNMR 2702
TNMR 2603	TNMR 2628	TNMR 2653	TNMR 2678	TNMR 2703
TNMR 2604	TNMR 2629	TNMR 2654	TNMR 2679	TNMR 2704
TNMR 2605	TNMR 2630	TNMR 2655	TNMR 2680	TNMR 2705
TNMR 2606	TNMR 2631	TNMR 2656	TNMR 2681	
TNMR 2607	TNMR 2632	TNMR 2657	TNMR 2682	
TNMR 2608	TNMR 2633	TNMR 2658	TNMR 2683	
TNMR 2609	TNMR 2634	TNMR 2659	TNMR 2684	
TNMR 2610	TNMR 2635	TNMR 2660	TNMR 2685	
TNMR 2611	TNMR 2636	TNMR 2661	TNMR 2686	
TNMR 2612	TNMR 2637	TNMR 2662	TNMR 2687	
TNMR 2613	TNMR 2638	TNMR 2663	TNMR 2688	
TNMR 2614	TNMR 2639	TNMR 2664	TNMR 2689	
TNMR 2615	TNMR 2640	TNMR 2665	TNMR 2690	
TNMR 2616	TNMR 2641	TNMR 2666	TNMR 2691	
TNMR 2617	TNMR 2642	TNMR 2667	TNMR 2692	
TNMR 2618	TNMR 2643	TNMR 2668	TNMR 2693	
TNMR 2619	TNMR 2644	TNMR 2669	TNMR 2694	
TNMR 2620	TNMR 2645	TNMR 2670	TNMR 2695	
TNMR 2621	TNMR 2646	TNMR 2671	TNMR 2696	
TNMR 2622	TNMR 2647	TNMR 2672	TNMR 2697	
TNMR 2623	TNMR 2648	TNMR 2673	TNMR 2698	
TNMR 2624	TNMR 2649	TNMR 2674	TNMR 2699	

EXHIBIT B

BASE RENTAL

FIXED RENTAL:

██████████ per unit per month, payable monthly in arrears.

VARIABLE RENTAL:

██████████ mile for all miles in excess of the first 35,000 miles per Unit in each consecutive ██████████ month period, payable within ██████ days of the end of such ██████ month period.

EXHIBIT C

POINTS OF TENDER

Upon Lessor's receipt of Lessee's signed Acceptance Certificate for each Unit (as provided in Section 3 of the Lease), Lessor shall deliver each such Unit to Lessee on the SSWN Lines or CNW Lines in Chicago, IL.

EXHIBIT D

ACCEPTANCE CERTIFICATE

The undersigned, _____, the duly authorized representative of Southern Pacific Transportation Company (the "Company"), hereby certifies to The David J. Joseph Company ("DJJ") that the _____ Railcar bearing reporting mark _____ (the "Car") has been delivered to the Company, has been inspected, and meets all regulatory requirements and is in all respects acceptable to the Company. This certificate is being delivered pursuant to Section 3 of that certain Lease Agreement dated _____ by and between the Company and DJJ.

IN WITNESS WHEREOF, the undersigned, being the _____ of the Company, does hereunto set his hand as of this day of _____ on behalf of the Company.

SOUTHERN PACIFIC TRANSPORTATION COMPANY

By: _____

Print Name: _____

Print Title: _____

EXHIBIT E

CASUALTY SETTLEMENT VALUE

<u>LEASE PERIOD</u>		<u>CASUALTY SETTLEMENT VALUE</u>
Month 1 through 12		[REDACTED]
" 13	" 24	[REDACTED]
" 25	" 36	[REDACTED]
" 37	" 48	[REDACTED]
" 49	" Termination Date	[REDACTED]